

August 25, 2006

Les Boles, Director  
The State of South Carolina  
Office of State Budget  
1122 Lady Street, 12<sup>th</sup> Floor  
Columbia, South Carolina 29201

Dear Mr. Boles:

Enclosed please find ten (10) printed copies of The Administrative Law Court's FY 2007-2008 Budget Plans. The two separate electronic files containing 1) the letter of transmittal, executive summary, detailed justifications and addendum and 2) proviso changes, have been e-mailed on this date also.

With a significant increase in caseload and jurisdiction over the past fiscal year, we have a great need for additional legal and business resources. We are therefore submitting two (2) priorities totaling \$296,559 in additional funding for FY 07-08.

In my transmittal letter last year, I requested that all references to the Administrative Law Judges on reports and other information disseminated from the Budget Office be changed to reflect the statutory name of this agency, which is the Administrative Law Court. (See Act No. 202, 2004). I am renewing that request and would further request that any references to the Administrative Law Judge Division be changed to the ALC also. It appears that the change has not been reflected on budget documents and reports. Thank you for your attention to this matter.

If you have any questions regarding our budget, please let me know.

Sincerely,

Marvin F. Kittrell  
Chief Judge

MFK/jes

## FISCAL YEAR 2007-08 BUDGET PLAN

### I. EXECUTIVE SUMMARY

A. Agency Section/Code/Name: Section 55/C05/Administrative Law Court

B. Statewide Mission: To provide a neutral forum for fair, prompt, and objective hearings for any person affected by an action, or proposed action of the following agencies of the State of South Carolina: 1) Department of Health and Environmental Control (including the office of Ocean and Coastal Resource Management); 2) Department of Health and Human Services; 3) Department of Insurance; 4) Department of Labor, Licensing and Regulation (including all 37 boards and commissions); 5) Department of Corrections; 6) Department of Natural Resources; 7) Department of Revenue; 8) Department of Social Services; 9) State Law Enforcement Division; 10) Secretary of State; 11) Department of Probation, Parole and Pardon Services; 12) Department of Transportation; 13) Department of Consumer Affairs; 14) the State Retirement Systems; 15) South Carolina Department of Motor Vehicles; 16) any agency regarding enforcement of subpoenas pursuant to S.C. Code Ann. § 1-23-320(d); 17) any agency pursuant to § 12-56-65, the Setoff Debt Collection Act; 18) any agency pursuant to § 6-4-35, Tourism Expenditure Review Committee; 19) any state agency pursuant to S.C. Code Ann. § 1-23-111; and 20) hearings pursuant to A387, 2006, including, but not limited to the following agencies: a) Human Affairs Commission; b) State Employee Grievance Committee; c) Department of Agriculture; d) Commission for the Blind; e) State Crop Pest Commission; f) State Livestock-Poultry Health Commission; g) Mining Council; h) State Ports Authority; i) Department of Commerce, Aeronautics Division; j) State Board of Education; and k) Commission on Higher Education.

C. Summary Description of Strategic or Long-Term Goals:

- (1) Efficiently manage resources and caseload to ensure fair, prompt and impartial hearings and to dispose of cases according to ALC guidelines provided in the Annual Accountability Report
- (2) Update and improve information technology including development and implementation of a case management system
- (3) Improve age of disposed cases

Summary of Operating Budget Priorities for FY 2007-08:	FUNDING					FTEs			
	State Non- Recurring	State Recurring	Federal	Other	Total	State	Fed.	Other	Total

Summary of Operating Budget Priorities for FY 2007-08:		FUNDING					FTEs			
		State Non- Recurring	State Recurring	Federal	Other	Total	State	Fed.	Other	Total
Priority No.: 1	Title: Administration	33,851	214,808	0	0	\$248,659	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above ( <i>if applicable</i> ): Activity Number & Name: 25 – Due Process Hearings										
Priority No.: 2	Title: Administration	3,413	44,487	0	0	\$47,900	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above ( <i>if applicable</i> ): Activity Number & Name: 26 – Administration Overhead										
Priority No.:	Title:	0	0	0	0	\$ 0	0	0	0	0.00
Strategic Goal No. Referenced in Item C Above ( <i>if applicable</i> ): Activity Number & Name:										
TOTAL OF ALL PRIORITIES		\$37,264	\$259,295	\$ 0	\$ 0	\$296,559	0.00	0.00	0.00	0.00

E. Agency Recurring Base Appropriation:  
State \$ 1,909,233  
Federal\$  
Other \$

F. Efficiency Measures: the Administrative Law Court’s primary measure of efficiency is the average number of days required to dispose of cases. These numbers are reflected in *Section III, Category 7* of the Accountability Report.

G.

Summary of Capital Budget Priorities:			Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Priority No.:	Project Name: Activity Number & Name:	Project No*:	0	0	0	\$ 0
Priority No.:	Project Name: Activity Number & Name:	Project No*:	0	0	0	\$ 0
Priority No.:	Project Name: Activity Number & Name:	Project No*:	0	0	0	\$ 0
TOTAL OF ALL CAPITAL BUDGET PRIORITIES			\$ 0	\$ 0	\$ 0	\$ 0

\* If applicable

H. Number of Proviso Changes: 1

I. Signature/Agency Contacts/Telephone Numbers:

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Marvin F. Kittrell, Chief Judge  
734-0550

Jana Shealy, Clerk, 734-6411  
Bonnie Moffat, Business Manager, 734-6414  
1205 Pendleton St., Suite 224  
Columbia, SC 29201

## II. DETAILED JUSTIFICATION FOR FY 2007-08 OPERATING BUDGET PRIORITIES

- A. Agency Section/Code/Name: Section55/C05/Administrative Law Court
- B. Priority No.   1   of   2
- C. (1) Title: Staff Attorneys  
(2) Summary Description: Request for funding to fill 4 vacant staff attorney positions  
(3) Strategic Goal/Action Plan (*if applicable*):
- D. Budget Program Number and Name: I. Administration
- E. Agency Activity Number and Name: 25 – Due Process Hearings
- F. Detailed Justification for Funding

(1) Justification for Funding Increase: The jurisdiction of the Administrative Law Court has increased significantly since its inception. In the recent past, matters involving the Setoff Debt Collection Act, the South Carolina Retirement Systems, the Tourism Expenditure Review Committee, the Department of Corrections and the Department of Probation, Parole and Pardon have been added to the ALC's jurisdiction. Effective July 1, 2005 the ALC began hearing contested cases involving the Department of Consumer Affairs and in January 2006, the ALC began hearing appeals from final decisions of hearing officers of the ALC's Division of Motor Vehicle Hearings. The ALC's non-inmate caseload has increased significantly, almost doubling from FY 04-05, where 481 cases were processed and assigned, to FY 05-06, where approximately 880 cases were processed and assigned. The figure for FY 05-06 includes approximately 350 DMV appeals filed from January 2006 to July 2006. Inmate filings have also increased dramatically, rising from 933 filings in FY 04-05 to approximately 1,402 filings in FY 05-06. The total (unaudited) figure for the entire caseload for FY 05-06 is approximately 2,282 compared with 1,412 for FY 04-05. The jurisdiction was increased again, effective July 1, 2006, with the passage of A387. This new law adds appellate jurisdiction from 11 agencies, as indicated in our Executive Summary, and for any agency, with the exception of 5 specific agencies, that conducts a contested case hearing pursuant to the Administrative Procedures Act, Article I, Section 22, Constitution of the State of South Carolina, 1895, or another law. With such a significant increase in the amount and breadth of jurisdiction under this Act, we anticipate a corresponding increase in caseload and a need for additional legal resources.

(2)

<b>FY 2007-08 Cost Estimates:</b>	<b>State Non-Recurring Funds</b>	<b>State Recurring Funds</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
<b>Personnel:</b>					
(a) Number of FTEs*					0.00
(b) Personal Service		160,000			\$160,000
(c) Employer Contributions		35,284			\$35,284
Program/Case Services					\$ 0
Pass-Through Funds					\$ 0
Other Operating Expenses	33,851	19,528			\$53,379
<b>Total</b>	<b>\$33,851</b>	<b>\$214,812</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$248,663</b>
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State       \$  
Federal     \$  
Other       \$

(4) Is this priority associated with a Capital Budget Priority? NO If yes, state Capital Budget Priority Number and Project Name: \_\_\_\_\_.

G. Detailed Justification for FTEs

(1) Justification for New FTEs

(a) Justification:

(b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

(3) FTEs in Program Area per FY 2006-07 Appropriation Act:

State      44    
Federal      0     
Other        0   

Agency-wide Vacant FTEs as of July 31, 2006:       13    

% Vacant     29   %

**H. Other Comments:**

## II. DETAILED JUSTIFICATION FOR FY 2007-08 OPERATING BUDGET PRIORITIES

A. Agency Section/Code/Name: Section55/C05/Administrative Law Court

B. Priority No.   2   of   2  

D. (1) Title: Business Associate

(2) Summary Description: Funding to fill Business Associate vacancy

(3) Strategic Goal/Action Plan (*if applicable*):

D. Budget Program Number and Name: I. Administration

E. Agency Activity Number and Name: 26 – Administration Overhead

F. Detailed Justification for Funding

(1) Justification for Funding Increase: In January 2006, the duties and functions of the hearing officers and staff of the Department of Motor Vehicles were devolved upon the Administrative Law Court. Currently, the ALC has only one position filled in the Business Office, the Business Manager. With the transfer, the number of employees of the ALC, including the DMVH, has increased to 44 FTEs with 13 of those vacant. It is inadequate for an agency with 44 FTEs to have only one position filled to carry out the duties and functions of the Business Office, which include all personnel, finance, procurement and facilities management. In addition, this position is also needed to assist the Business Office with the budget submission, accountability report, and many other financial reports that require an increasing amount of time and resources for compliance.

(2)

<b>FY 2007-08 Cost Estimates:</b>	<b>State Non-Recurring Funds</b>	<b>State Recurring Funds</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
<b>Personnel:</b>					
(a) Number of FTEs*		0			0.00



(b) Personal Service		35,000			\$35,000
(c) Employer Contributions		7,718			\$7,718
Program/Case Services					\$ 0
Pass-Through Funds					\$ 0
Other Operating Expenses	3,413	1,769			\$5,182
<b>Total</b>	\$3,413	\$44,487	\$ 0	\$ 0	\$47,900
* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.					

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

(3) FTEs in Program Area per FY 2006-07 Appropriation Act:

State    \_\_\_44\_\_\_  
Federal   \_\_\_0\_\_\_  
Other     \_\_\_0\_\_\_

**Agency-wide Vacant FTEs as of July 31, 2006:    13**

**% Vacant   \_\_\_29\_\_\_%**

**H. Other Comments:**

## FY 2007-08 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

### I. 2% COST SAVINGS ASSESSMENT

- A. Agency Section/Code/Name: Section 55/CO5/Administrative Law Court
- B. Agency Activity Number and Name: 26 – Administration Overhead
- C. Explanation of Cost Savings Initiative: Reduction of Information Resource Consultant FTE
- D. Estimate of Savings:

<b>FY 2007-08 Cost Savings Estimates:</b>	<b>General</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
<b>Personnel:</b>				
(a) Number of FTEs	1			1.00
(b) Personal Service	30,000			\$30,000
(c) Employer Contributions	8,185			\$8,185
Program/Case Services				\$ 0
Pass-Through Funds				\$ 0
Other Operating Expenses				\$ 0
<b>Total</b>	\$38,185	\$ 0	\$ 0	\$38,185

- E. Activity Impact (*Describe the impact on the activity affected including the impact on customers and clients.*):

NA

F.

Summary of Cost Savings Initiatives for FY 2007-08:	FUNDING				FTEs			
	General	Federal	Other	Total	State	Fed.	Other	Total
Initiative Title: IT	38,185	0	0	\$38,185	1	0	0	1.00
Activity Number & Name: 26 – Administration Overheard								
Initiative Title:	0	0	0	\$ 0	0	0	0	0.00
Activity Number & Name:								
Initiative Title:	0	0	0	\$ 0	0	0	0	0.00
Activity Number & Name:								
TOTAL OF ALL INITIATIVES	\$38,185	\$ 0	\$ 0	\$38,185	1.00	0.00	0.00	1.00

## FY 2007-08 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

### II. PRIORITY ASSESSMENT OF AGENCY ACTIVITIES

A. Agency Section/Code/Name: Section 55/CO5/Administrative Law Court

B. Agency Activity Number and Name: 26 – Administration Overhead

C. Explanation of Lowest Priority Status: Because the ALC is a one program agency, we do not have different programs or activities that can be prioritized. However, the IT position can be determined to be one of low priority due to continued partnership with PRT for IT support and privatization for the administration of our website.

D. Estimate of Savings:

Estimate of Savings:	General	Federal	Supplemental	Capital Reserve	Other	Total
<b>Personnel:</b>						
(a) Number of FTEs	1	0	0	0	0	1.00
(b) Personal Service	30,000		0	0	0	\$ 30,000
(c) Employer Contributions	8,185		0	0	0	\$ 8,185
Program/Case Services	0	0	0	0	0	\$ 0
Pass-Through Funds	0	0	0	0	0	\$ 0
Other Operating Expenses	0	0	0	0	0	\$ 0
<b>Total</b>	\$38,185	\$ 0	\$ 0	\$ 0	\$ 0	\$38,185

E. Activity Impact (*Describe the impact on the activity affected including the impact on customers and clients.*):

NA

F.

<b>Summary of Priority Assessment of Activities</b>	<b>General</b>	<b>Federal</b>	<b>Supplemental</b>	<b>Capital Reserve</b>	<b>Other</b>	<b>Total</b>	<b>FTEs</b>
Activity Number & Name: 26 – Administration Overhead	38,185	0	0	0	0	\$38,185	1
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
<b>TOTAL OF LOWEST PRIORITIES</b>	<b>\$38,185</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$38,185</b>	<b>1.00</b>